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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 002356

SIPDIS

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SUBJECT: ISLAMIC NGOS IN THE PHILIPPINES

REF: A. MANILA 2168

[B](#). MANILA 2124

[C](#). MANILA 2042

[D](#). MANILA 2016

[E](#). MANILA 1549

[F](#). MANILA 1098

[G](#). 04 MANILA 3564

[H](#). 04 MANILA 3675

Classified By: Political Officer Joseph Saus
for reasons 1.4 (b) and (d)

[1](#). (C) Summary. A variety of local and international charities and non-governmental organizations (NGOs) with Islamic connections operate in the Philippines but under increasing scrutiny. Police and immigration authorities have lamented the lack of resources and enforcement mechanisms to keep tabs on them. The tendency throughout Muslim communities in Mindanao to accept all Islamic charity and missionary activity with no questions asked contributes to the problem. Many extremist proponents and terrorist operatives evade immigration controls, remaining in difficult-to-police areas such as the isolated interior of central Mindanao. Their funding continues to flow using couriers and other difficult-to-trace transactions that take place outside the formal banking system. Several Islamic NGO contacts in Manila have voiced their commitment to eliminating extremist tendencies and rejecting terrorism in their development and humanitarian activities. Embassy will continue to hold our Islamic NGO contacts to their commitments to reject terrorism, and will remain vigilant regarding suspicious NGO activity. End Summary.

NGOs In The Philippines

[2](#). (C) Despite a mountain of regulatory and reporting requirements for NGOs operating here, many Embassy contacts have acknowledged that monitoring and enforcement are spotty, and sanctions for false disclosure or non-compliance with periodic reporting requirements are rarely implemented. All NGOs are required by law to register with the Securities and Exchange Commission (SEC) to establish themselves as legal entities, a process similar to incorporation. Embassy contacts have noted, however, that SEC registration is easy to obtain. NGOs that focus on social welfare and development (typically helping children, youth, women, the disabled, the elderly, and disaster victims) are also required to register for licensing and accreditation with the Department of Social Welfare and Development (DSWD). DSWD officials admitted privately that these are aimed primarily at standardizing development work and not at protecting national security, although an official of the DSWD Project Management Bureau cited one case "several years back" when one NGO was dissolved for running guns to Communist rebels.

[3](#). (SBU) The Anti-Money Laundering Council (AMLC), a product of the 2001 Anti-Money Laundering Act, is the financial intelligence unit of the Philippines. The AMLC is properly equipped, trained, and funded to track money-laundering offenses. However, regulations governing charities and NGOs are weak because the 2001 legislation failed to define how banks, non-bank, and other financial institutions should deal with them. As a result, charities and NGOs are not required to comply with AMLC reporting requirements for suspicious and covered transactions. (Comment: Embassy is working with GRP to improve its financial intelligence capabilities. The GRP is petitioning to join the June Egmont Plenary of financial intelligence units -- ref a. End Comment.)

[4](#). (C) NGOs have apparently been used as cover for illicit activity in the past, and not just for terrorist finance. Deposed President Joseph Estrada allegedly used his "ERAP Muslim Youth Foundation" to launder illegal gambling proceeds. The International Islamic Relief Organization (IIRO) -- a subsidiary of the Saudi-based and funded Muslim World League (MWL) -- was active here in the late 1980s and early 1990s. Operated by Usama Bin Laden's brother-in-law, Saudi businessman Mohammed Jamal Khalifa, and with links to captured al-Qaeda lieutenant Khalid Shaikh Mohammed, the IIRO served as a legal front to conceal the transfer of al-Qaeda funding and materiel to the Abu Sayyaf Group and possibly other insurgents or terrorists operating in the Philippines.

Although Khalifa left the Philippines in 1994 and the IIRO was shut down, there remain concerns that his network and associates may still be operating here.

15. (C) DSWD has registered about 2,700 NGOs. Islamic NGOs are demographically and geographically proportionate to the Muslim population here (e.g., 5 percent); most are in Mindanao or in predominant Muslim enclaves of Manila. Islamic NGO funding is in high demand throughout the Philippines. During an April 2005 visit by senior MWL officials hosted by the Presidential Office of Muslim Affairs (OMA), local clerics, madrassah administrators, and NGO representatives -- armed with reams of project proposals -- almost mobbed the entourage, according to OMA Deputy Director Tahir Lidasan, Jr. He commented to poloff that there is no transparency and accountability regarding NGO funding: "You might release funds for a three-story madrassah and end up with a one-story room, with no explanation of how the money was spent or where it ends up." According to observers, while Islamic NGOs typically fund scholarships, madaris, mosques, and clinics, given the lack of internal monitoring and control in the Philippines, virtually any NGO could either wittingly or unwittingly serve as a cover for illicit activity.

The Peaceful Public Face Of Quasi-Governmental Islamic NGOs

16. (C) The MWL, which professes to reject extremism and militant teaching and to embrace moderation, continues to play a predominate role among Islamic NGOs here. During their April visit, MWL representatives met with senior-level GRP officials, including Executive Secretary Eduardo Ermita and Secretary of Interior and Local Government Angelo Reyes, and toured several Mindanao cities. According to Saudi Ambassador Mohammed Ameen Wali, the trip focused on joint MWL-GRP efforts to achieve peace and to provide assistance in education and health, with a focus on the southern Philippines. Dr. Rafat Ahmed Mirza Al Sayed, a Saudi Embassy official in charge of NGO affairs, speaking separately to poloff, stressed that the MWL opposed terrorism and rejected all forms of violence.

17. (C) The Libyan-based and supported World Islamic Call Society (WICS) is also active in the Philippines. According to its Manila representative, Gamal N. Ahmed, the WICS also rejects terrorism. Emphasizing that "we do not support extremists," Ahmed offered to cooperate with USAID and US military humanitarian efforts in Mindanao. Noting WICS' focus on medical clinics and education, Ahmed claimed that WICS projects are "open to all," stressing there is no religious favoritism or proselytization associated with its efforts.

But A Different Reality?

18. (C) According to Lt. Col. Winnie Quidato, a Philippine National Police officer seconded to the Bureau of Immigration, some NGOs do not know that their foreign contacts are involved in terrorist finance. Separately, Department of Foreign Affairs (DFA) Pakistan Desk Officer Nathan Imperial told poloff that some Islamic (unnamed) NGOs are recruiting young Filipino Muslims for training in radical Pakistani madaris, passing them through Bangkok as tourists on their way to Pakistan. Imperial admitted the GRP had no clear idea of the number of Filipino students studying in Pakistan.

19. (C) Embassy contacts have noted that, given the Philippines' extremely porous borders, terrorist operatives do not necessarily even need an NGO "cover story." Many Muslim communities and their leaders accept any form of assistance with little or no concern of its source, intent, or quid pro quo. According to Lt. Col. Quidato, lax immigration and border control -- especially in Mindanao's "southern backdoor" that leads to Malaysia or Indonesia -- enables criminals and terrorist financiers to come and go with impunity. These couriers sometimes travel with cash, bypassing banks or other traceable financial transactions, to fund and support suspected terrorists in sanctuaries in central Mindanao.

Comment: Remain Vigilant

110. (C) Anecdotal evidence (refs B through E), and other reporting indicates that at least some Islamic NGO activity is not innocuous, and may be used as a cover for terrorist finance. Despite the legal and regulatory requirements, Philippine authorities do not have the capacity to monitor suspect NGOs carefully. The loose nature of NGO regulation and the absence of effective safeguards allow for suspect activity, despite GRP concern. Inadequate financial, immigration, and border controls also enable suspected terrorists and their funds to move through the Philippines with relative impunity. We continue to hold our Muslim NGO interlocutors to their commitment to combat terrorism and

will heighten cooperation with the GRP to be on the lookout for indications of any NGOs acting as cover for terrorist activities. End Comment.
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